

# Janssen move keeps financial affairs private

SIMON CARSWELL, Finance Correspondent

Sat, Aug 16, 2008

SENATE TAXATION  
EXHIBIT NO. 3  
DATE 1.19.11  
BILL NO. SB94

THE STATE'S largest pharmaceutical company, Janssen Pharmaceutical, which paid dividends of almost €7 billion to US parent corporation Johnson Johnson over a five-year period, has moved to keep its financial affairs private.

Janssen re-registered as an unlimited company last month, meaning it will no longer have to file annual accounts at the Companies Registration Office (CRO) in Dublin and can shield its financial performance from public view.

Janssen converted to unlimited status on July 29th, according to documents filed at the CRO.

The company paid dividends totalling €6.96 billion to its US parent company in the five years to the end of 2006, according to annual accounts for the period.

Some €6.7 billion was paid during the company's financial year to January 2nd, 2006, as part of a US tax amnesty allowing companies to repatriate profits.

The payment is thought to be the largest dividend ever paid by an Irish company to its parent.

Janssen recorded turnover totalling €21.8 billion and profits of €7 billion over the five years to the end of 2006, putting the company among the top five companies in the Republic.

The firm paid taxes totalling €592 million over the five years. This amounted to 8 per cent of its pretax profits made over the same period.

Janssen recorded a profit of €2.3 billion from turnover of €7 billion in 2006, the most recent year for which accounts are available.

Janssen's new unlimited status means it will no longer have to reveal any further details of dividend payments, turnover or profit.

The company's managing director, Bryan Mohally, could not be reached for comment.

Janssen operates a manufacturing plant at Little Island in Cork and specialises in treatments for mental illnesses.

According to the company's 2006 accounts, Janssen had 7,214 employees on its payroll.

The company reported it had a wage bill of €223 million, an increase from €117 million the previous year.

A large number of US corporations with operations in Ireland have taken advantage of the 12.5 per cent corporation tax rate in the Republic and other incentives to reduce their US tax bills.

Several Irish subsidiaries owned by US multinationals have become unlimited, protecting the financial performance of their Irish operations from public view.

They include Microsoft's Irish subsidiaries Round Island One and Flat Island Company, Google Ireland Holdings, an Irish firm owned by the US internet giant, and a subsidiary of Apple Computer.

The conversions to unlimited status have occurred over the last three years as the US tax authorities have increased

their scrutiny of international mechanisms used by American multinationals to reduce their taxes at home.

A report from the US Congress released last week found that two-thirds of corporations in the country paid no federal income tax between 1988 and 2005.

The study by the US Government Accountability Office found that 1.2 million US companies paid no income tax, while about a quarter of US corporations not paying corporate taxes were considered large companies, meaning they had at least \$250 million (€170 million) in assets or \$50 million in receipts.

© 2008 The Irish Times